

# United States Senate

WASHINGTON, DC 20510-0104

April 5, 2011

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12th Street Sw  
Washington, D.C. 20554

WCB  
ICC  
USF - Rural  
533

Dear Chairman Genachowski:

I write to you regarding your Notice of Proposed Rulemaking pertaining to the restructure of the Universal Service Fund and Intercarrier Compensation rules.

As you know, United States public policy has for decades supported the universal deployment of telecommunications services to rural America through the Universal Service Fund (USF). My constituents and I ask that you carefully consider the impact of USF's transition to Broadband on small rural local exchange carriers (RLECs).

While large carriers have typically utilized their share of USF support for its intended purpose of supporting voice services and in a manner consistent with the Commission's rules, I encourage you to recall that these small carriers were created to serve geographic areas, like many in Alabama, that were passed over by large carriers. The majority of RLECs were cooperatives formed by those they were created to serve. The Federal government provided debt capital that was otherwise unavailable, while owners also contributed significant capital. I ask that you closely consider the affect any decision by the FCC will have on RLECs.

As you consider revisions to your rules I ask you to consider the following:

1. RLECs have invested substantial sums in improving their networks in a manner completely consistent with the Commission's Rules and public policy. The FCC is charged with implementing such policy in a manner consistent with Congressional intent. Please consider the impact of your actions on the U. S. Government's USDA loan portfolio. Changes to your rules should provide adequate periods of transition that are not disruptive to those companies that have acted prudently and in good faith under existing program guidance.
2. Consider the options available to you through the Regulatory Flexibility Act.

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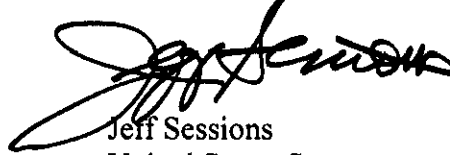
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3. USF funds are not necessarily being used to subsidize RLEC competition against other market entrants. USF recipients ultimately receive such support in return for accepting the responsibility of serving an entire market area under carrier-of-last-resort obligations and have scaled their business models accordingly. Unsubsidized competitors bear no such comparable responsibility and are free to serve only those customers they choose.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jeff Sessions", written over the printed name.

Jeff Sessions  
United States Senator

JS: cph



FEDERAL COMMUNICATIONS COMMISSION

JULIUS GENACHOWSKI  
CHAIRMAN

November 17, 2011

The Honorable Jeff Sessions  
United States Senate  
335 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Sessions:

Thank you very much for your letter regarding the Commission's efforts to reform and modernize the Universal Service Fund (USF) and the intercarrier compensation system (ICC). Your thoughts and concerns were a valuable contribution to our process, and were considered as part of the Commission's deliberations.

On October 27, after many years of hard work on Capitol Hill, among the FCC's Commissioners, and by Commission staff, the Commission unanimously adopted a comprehensive Order overhauling the broken and backward-looking USF and ICC systems for the Internet age. By transitioning these programs to the Connect America Fund, we are delivering on our shared national goal of universal voice and broadband service – including universal mobile voice and broadband service – and enabling increased private sector investment in the indispensable infrastructure of the 21<sup>st</sup> century: broadband. Importantly, our reforms are fiscally responsible, eliminating waste and inefficiency, using market-based mechanisms to target support where it is needed, and putting the Fund on a firm budget.

The Commission's Order will create jobs beginning in 2012, and lay the foundation for enduring job creation, economic growth, and U.S. global competitiveness for years to come.

For your information, I am enclosing a copy of the Order's "Executive Summary." Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to be "J. Genachowski", is written over a horizontal line. The signature is stylized with a large, sweeping initial "J".

Julius Genachowski

Enclosure